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# Farm Broadcasters Letter

Letter No. 2363

May 19, 1988

## EC LARGEST U.S. AG MARKET

The European Community remains the largest market for U.S. agriculture, according to the U.S. Department of Agriculture. U.S. agricultural exports to the European Community were valued at \$6 billion 800 million in calendar 1987, up 3.2 percent over 1986, but still well below the levels of the nearly 1980's. The outlook for 1988 is for continued recovery of U.S. agricultural exports to the EC, with growth of about 5 percent. Attractive U.S. prices, favorable exchange rates, and continued EC economic growth are all expected to contribute to the upturn.

## A FIRST FOR USSR

Soviet grain production may total 215 million tons in 1988/89, surpassing the past 2 years and marking the first time ever that Soviet output will have topped 200 million tons for 3 consecutive years, according to the U.S. Department of Agriculture. The area is up a little from last year's relatively low total, and yield could reach 1978's record. Although coarse grain production is forecast down slightly from last year's relative high, wheat production is projected 10 percent above the reduced crop of 1987/88. Grain imports likely will be down from last year's high.

## WORLD OUTPUT OF COARSE GRAINS

The foreign production of coarse grains is projected by the U.S. Department of Agriculture to increase nearly 3 percent in 1988/89 to a record 584 million tons. With an expected increase in U.S. production, world output is forecast at 804 million tons, up 2½ percent from 1987/88. The global increase of about 20 million tons consists mostly of corn. World consumption of coarse grains is expected to grow 1 percent and surpass production for the second consecutive year.

## EC GOVERNMENT SUPPORT

Agricultural producers of selected commodities in the European Community received government support equivalent to nearly half their total revenue during 1986, according to the U.S. Department of Agriculture. Recent updates of producer subsidy equivalents show that the EC was second only to Japan in the level of support provided to producers. An EC Commission proposal to provide incentives for increased cereal use in animal feeds could lead to reduced U.S. exports of nongrain feed ingredients, especially corn gluten feed. EC interest in harmonizing protection levels for grains, oilseeds and nongrain feeds is likely to be an important trade issue between the U.S. and EC in GATT negotiations.

PLANTING  
INTENTIONS

Farmers reported intentions to plant 104 million 300 thousand acres to feed grains in 1988/89, 2 percent less than last year, according to the U.S. Department of Agriculture. Production of feed grains is forecast at 219 million metric tons, 2 percent above 1987's 215 million. This year's feed grains yield will likely be enhanced by a larger proportion of feed grain area planted to corn, and an increased share of corn planted in higher-yielding States.

FEED GRAINS:  
USE & EXPORT

The domestic use and exports of feed grains in 1988/89 are forecast by the U.S. Department of Agriculture at 241 million tons, 1 percent larger than the expected disappearance for this year. Lower forecast carryin stocks and higher projected use should lower ending stocks by 20% million to 109 million, the smallest since 1985.

U.S. FOOD  
PRICES

The first quarter U.S. food prices rose 3.1 percent above a year earlier, with much of the increase due to fruit, vegetables, and fish. Prices paid in restaurants and fast food outlets rose a little faster than prices for food at home. For the year, food prices will average 2 to 4 percent above 1987, according to the U.S. Department of Agriculture.

MARKETING BILL  
FORECAST

The marketing bill, the difference between consumer food expenditures and the farm value of domestically produced farm foods, is forecast by the U.S. Department of Agriculture to rise 6.6 percent in 1988, compared to 4.7 percent last year. While food expenditures will rise 4.8 percent, about the same as last year, the farm value of food is expected to decline 1 percent, because of bigger supplies and lower prices for livestock and poultry products.

EC AG PRODUCTION  
REBOUNDING

The agricultural production of the European Community was up slightly in 1987, according to the U.S. Department of Agriculture. Although up marginally, the grain production was still almost 11 percent below the record 1984 crop because adverse weather conditions lowered grain quality and yields. Oilseed production increased sharply, with record harvests of rapeseed, sunflowerseed, and soybeans.

NEAR ZERO BEEF  
TO EC

The European Community's ban on imports of meat from animals treated with hormonal substances, due to be implemented on January 1, 1989, could reduce U.S. beef exports to the EC to near zero, according to the U.S. Department of Agriculture. The EC has certified a number of U.S. facilities for conformance with EC inspection procedures under the third-country meat directive. Nonetheless, some plants that previously exported will no longer be able to do so without costly modifications.

U.S. COTTON  
SALES DOWN

U.S. cotton sales in 1986 amounted to \$2 billion 900 million, the lowest since 1975, according to the U.S. Department of Agriculture. Only 15,300 farms had 50 percent or more of their value of production in cotton in 1986. About 9,285 cotton farms in this category also had at least \$40,000 in total agricultural production.

PRELIMINARY  
RESULTS OF  
1988 SIGN-UP

Producers have signed contracts to place 187 million 800 thousand acres of feed grain, wheat, upland and extra-long staple cotton, and rice in the 1988 acreage limitation programs, according to a preliminary report of the U.S. Department of Agriculture. The acreage enrolled in 1988 commodity programs represents 83.4 percent of the 225 million 200 thousand acres of total crop acreage bases established for these commodities. Producers who participate in the annual commodity programs agree to reduce their plantings from the established crop acreage bases by at least 20 percent for corn, sorghum and barley...5 percent for oats...27.5 percent for wheat...12.5 percent for upland cotton...10 percent for extra-long staple cotton...and 25 percent for rice.

FROM OUR RADIO  
SERVICE

**AGRICULTURE USA #1616...**(Weekly 13½ min documentary) U.S. farmers and trading firms not only have problems moving or selling their products in Japan and the European Community, there are major problems in simply moving grain and other farm products over the border into Mexico. George Holmes explores this problem with Buzz Fitzpatrick of USDA's Office of Transportation.

**AGRITAPE/FARM PROGRAM REPORT #1604...**(Weekly reel of news features) USDA news highlights; Alternative conservation plans; A new U.S./Soviet grain agreement??; Soviet imports of U.S. wheat; A boom in electronic agricultural information.

**CONSUMER TIME #1096...**(Weekly reel of 2½-3 min features) Safety concerns with convenience foods; Safe all terrain vehicle operation; Leaded gasoline--A vanishing fuel; Mushrooming problems; Marketing gourmet mushrooms.

**USDA RADIO NEWS SERVICE...**Thurs, May 26, Export outlook, World tobacco situation; Tues, May 31, Ag. prices, Cotton and wool outlook; Wed, June 1, Crop/weather update; Tues, June 7, Crop/weather update; Thurs, June 9, U.S. crop production, Soviet grain situation, World ag. supply and demand (new export forecasts); Fri, June 10, World crop and grain production, World oilseed situation, World cotton situation. Dial the USDA National News Line 202-488-8358 or 8359. All material changed at 5 p.m. ET each working day.

TELEVISION SERVICE programs, **A BETTER WAY**, **DOWN TO EARTH**, **AGRICULTURAL UPDATE** and **SATELLITE NEWS** are available on satellite Westar IV, audio 6.2 or 6.8 as follows:

Thursdays....AG UPDATE/SATELLITE NEWS, 7:30-7:45 p.m. ET.....Transponder 12D

Saturdays....**A BETTER WAY**, 10:00-10:30 a.m. ET.....Transponder 9X  
ORIGINAL      **DOWN TO EARTH**, 10:30-11:00 a.m. ET.....Transponder 9X  
UPLINK        **SATELLITE NEWS/AG UPDATE**, 11:00-11:15 a.m. ET.....Transponder 9X

Mondays.....**A BETTER WAY**, 8:00-8:30 a.m. ET.....Transponder 12D  
REPEAT        **DOWN TO EARTH**, 8:30-9:00 a.m. ET.....Transponder 12D  
UPLINK        **SATELLITE NEWS/AG UPDATE**, 9:00-9:15 a.m. ET.....Transponder 12D

**A BETTER WAY** is also available on The Learning Channel SATCOM 3R, Transponder 2, Audio 6.8 each Thursday at 10:30 a.m. ET.

OFF MIKE

Clay Pederson, formerly with Amer. Ag Net/KGFX, Fargo, ND, is now Communications Director at National Farmers Union, Denver, CO. Phone: 303-337-5500...Royce Bodiford is now general manager for KACV-TV-FM in Amarillo, TX, expects to activate the PBS TV station by late July...USDA's Vic Powell attended the NAFB meeting in Lima. He reported that Bob Ziegler, WIMA/WIMT, and much of the stations' staff and management, performed outstanding service in organizing the many events. Mike Perrine is now associate farm director with Agrivoice Indiana of the Tribune Radio Networks, and has moved from Jacksonville, IL to Indianapolis, IN. Phone: 317-927-4200...The family of Linda Mann, WAXX, Eau Claire, WI, sales mgr. gave her gifts of golf clubs, a golf bag, plus a bag of neighbors lost golf balls. She's all set to play in golf tournaments, as soon as she learns how to play golf.

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